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TABELL'S MARKET LETTER

April 5, 1957

The Standard & Poor's 500-Stock Index made a fractional upside gain for the week to close at 44.42 after reaching an intra-week high of 44.83. This compares with the February low of 42.39 and the August, 1956 top of 49.74. There is considerable overhead supply between 45 and 47, but near term technical action has been good and I would expect the index to move a bit further into the overhead supply. My technical gauge gave a buy signal at 43.04 on February 13th. If the 500-Stock Index reaches 46-47 in the next two or three weeks, the technical gauge would most likely be in overbought territory. I continue to believe that the Index will remain in the broad 50-40 range for probably six months or a year longer.

This letter has constantly stressed the thought that the price action of individual issues can be entirely divorced from the price action of any stock market average. During the past several days, for example, nine of the issues in my recommended list reached new highs for the 1955-57 period and approximately the same number were just a bit below their former highs. The nine issues are:

ALLEGHENY LUDLUM STEEL, originally recommended at 16, reached new territory at 65 3/8. I continue to like this issue for both the intermediate and longer term despite its sharp advance in price. The growth outlook for stainless steel, steel alloys and titanium remains excellent. Continue to hold and add to holdings on any possible temporary dip to the 60-55 support level.

BRISTOL-MYERS COMPANY entered our list in June, 1956 when the stock was selling in the 33-31 area. A new high at 49 was reached during the past week. The stock has a nearer term objective of 50-55 and a longer term price objective of 85. There is downside support at 45-43. See letter of February 8th 1957 for most recent analysis.

COPPERWELD STEEL was only recently added to my recommended list (see February 21, 1957 letter) at a price level of 31. A new high at 34 1/4 was reached during the past week. At present prices, the stock yields close to 6% and sells at only about eight times 1956 earnings of \$4.08. This specialty steel-issue has a possible intermediate-term objective of 44-48.

GENERAL DYNAMICS was originally recommended in August, 1956 in the 50-48 area. A new high was reached during the past week at 63 1/8. The stock has an intermediate term objective of 70 and support at 60-55.

HOUDAILLE INDUSTRIES was recommended in last week's letter. (March 29th). The stock reached a new high this week at 18 5/8. Excellent management is engaged in a program of diversifying into numerous new fields in addition to the automobile accessory field. From a technical point of view, the stock has an intermediate term objective of 33 and support at 16.

INTERNATIONAL PETROLEUM entered my recommended list in June, 1956 at 34. This issue, listed on the American Stock Exchange, has reached a high of 55. The long term objective is 80, but the stock is close to its intermediate term objective of 56-60.

NORTHERN NATURAL GAS recently reached a new high at 56 3/8. It originally was recommended at 47-48 in August, 1956. The nearer term objective on this issue is not clear but the longer term potential is 80. There is support at 54-52.

PACIFIC PETROLEUM is listed on the American Stock Exchange. It has been on my recommended list for a long time, being originally recommended at a price of 11 a little over two years ago in February, 1955. The stock has more than doubled in price at this week's high of 23 3/4. The intermediate term objective is 25-27 and the longer-term objective is 35-40.

ROYAL McBEE CORP. moved into new high territory recently at 37 3/8 after being rather dormant since my original recommendation at 31 in June, 1956. The stock has a long term objective of 55-65 and an intermediate term objective of 43-46. There is now downside support at 34-33.

Unfortunately, not all of the issues in my recommended list have shown the same good price action as the nine issues noted above. The three airline issues in my list (Eastern Airlines, Pan-American and United Airlines) have been particularly disappointing. I still have not lost faith in the excellent long term potentials for this group but, with a squeeze in profit margins and an application for a fare increase before the C.A.B. the picture does not appear very promising for the near term. I still counsel retention of these issues but holders must be willing to exercise extreme patience.

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